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AUDITOR-CONTROLLER

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December 11, 2006

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley *TM*
Auditor-Controller

SUBJECT: **LOS ANGELES COMMUNITY COLLEGE DISTRICT OF LOS ANGELES
MISSION COLLEGE - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of Los Angeles Community College District of Los Angeles Mission College (LACC or Agency), a Workforce Investment Act (WIA) Program service provider.

Background

The Department of Community and Senior Services (DCSS) contracts with LACC, an educational institution, to provide and operate the WIA Adult and Dislocated Worker programs. The WIA Adult and Dislocated Worker programs assist individuals obtain employment, retain their jobs and increase their earnings. LACC's offices are located in the First and Third Districts.

LACC is compensated on a cost reimbursement basis. For Fiscal Year 2005-2006 LACC's contract was for \$434,482.

Purpose/Methodology

The purpose of the review was to determine whether LACC complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines.

"To Enrich Lives Through Effective and Caring Service"

Results of Review

The eleven participants interviewed stated that the services received met their expectations. In addition, LACC's expenses were allowable, accurately billed to DCSS and supported by documentation as required.

LACC did not always comply with the contract requirements. Specifically:

- LACC did not complete Individual Employment Plans for the 20 (100%) Adult and Dislocated Worker participants.
- LACC did not update the Job Training Automation system to report the program activities for 7 (35%) of the 20 participants.
- LACC did not maintain the certificate of completion in the participants' case files for 4 (22%) of the 18 participants who completed the training.
- LACC's employee timecards did not always identify the hours that the employees worked on specific programs. Specifically, two (25%) of the eight employees' timecards did not indicate the hours the staff worked each day by program.
- LACC did not maintain required documentation in the employees' personnel files.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with LACC on October 10, 2006. In their attached response, LACC concurred with our findings and recommendations. We also notified DCSS of the results of our review.

We thank LACC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Dr. Karen Hoefel, Vice President of Administrative Services, Los Angeles Mission College
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES COMMUNITY COLLEGE DISTRICT OF
LOS ANGELES MISSION COLLEGE
FISCAL YEAR 2005-06**

ELIGIBILITY

Objective

Determine whether the Los Angeles Community College District of Los Angeles Mission College (LACC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We judgmentally sampled 20 (18%) program participants (ten from the Adult program and ten from the Dislocated Worker Program) from a total of 112 participants that received services between July 2005 and March 2006. We also reviewed the 20 case files for documentation to confirm their eligibility for WIA program services.

Results

All twenty participants met the eligibility requirements for the WIA Adult and Dislocated Worker Programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (18%) program participants that received services during July 2005 and March 2006. We also interviewed 11 participants (five from the Adult Program and six from the Dislocated Worker Program).

Results

The eleven participants interviewed stated that the services received met their expectations. However, LACC did not complete Individual Employment Plans (IEPs) for all 20 Adult and Dislocated Worker participants. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

In addition, LACC did not report the program activities for 7 (35%) of the 20 participants' program activities on the Job Training Automation (JTA) system as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

LACC did not maintain the certificate of completion in the participants' case files for 4 (22%) of the 18 participants who completed the training course. LACC also did not follow up with one (13%) of the 8 participants that exited the program upon completion.

Recommendations

LACC management:

- 1. Ensure that staff complete the IEP for Adult and Dislocated Worker participants.**
- 2. Ensure that staff update the JTA system to reflect the participants' activities.**
- 3. Ensure that certification of completion is maintain in the participant's case file for training courses completed.**
- 4. Ensure that staff follow-up with exited participants.**

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed LACC's bank reconciliation for December 2005 and reviewed a sample of 14 business checks issued by the Agency.

Results

LACC maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner. However, LACC's check writing policy does not require two signatures on each check as required by the program guidelines. All 14 checks issued by the Agency did not contain two signatures.

Recommendation

- 5. LACC management ensure that all checks have two authorized signatures.**

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for 24 (65%) of the 37 non-payroll expenditure transactions billed by the Agency for December 2005, totaling \$12,057.

Results

LACC's expenses were allowable, accurately billed to DCSS and supported by documentation as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, LACC maintained sufficient internal controls over its business operations. However, LACC was not in compliance with County contract requirements. Specifically:

- LACC's procurement policy did not require staff to document three price quotes for purchases over \$1,000 as required by WIA guidelines.
- LACC did not place a non-discrimination policy in a conspicuous place, available and open to the public, in each of the facilities operated by the Agency.

Recommendations

LACC management:

6. **Ensure that the procurement policy is in compliance with the program requirements.**
7. **Post the non-discrimination policy in a conspicuous place, available and open to the public, in each of the facilities operated by the Agency.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether LACC's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's inventory listing. In addition, we conducted a physical inventory of 18 (13%) of the 140 WIA funded items, totaling \$73,939.

Result

LACC used the assets purchased with WIA funding for the WIA programs. In addition, the assets were appropriately safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenditures invoiced for eight employees in November 2005, totaling \$19,670 (100%), to the payroll records and time reports. We also interviewed one staff assigned to the WIA program.

Results

LACC's employee timecards did not always identify the hours that the employees worked on specific programs. Specifically, two (25%) of the eight employees' timecards did not indicate the hours the staff worked each day by program as required by the County contract. The Agency personnel stated that the payroll expenses were billed based on budgeted amounts and not actual hours worked.

In addition, LACC did not maintain required documentation in the employees' personnel files. Specifically, LACC did not:

- Obtain criminal record clearances for all five (100%) employees.
- Maintain proof of employability in three (60%) of the five employees' personnel files.
- Complete the performance evaluations for all five (100%) employees on an annual basis. The most current performance evaluations for four (80%) of the five employees were completed in 2000 and the performance evaluations were never completed for the other employee since employment with the Agency.
- Maintain copies of the employees' job description, resume/application, current driver's license, or proof of automobile insurance in four (80%) of the five employees' personnel files.

Recommendations

LACC management:

- 8. Bill DCSS payroll expenditures based on actual costs and ensure that employees' timecards indicate the hours worked each day by program.**
- 9. Ensure that a criminal record clearance and proof of employability are obtained for all employees assigned to work on the WIA program.**
- 10. Complete performance evaluations on an annual basis.**
- 11. Maintain required documents in the employees' personnel file.**

COST ALLOCATION PLAN

Objective

Determine whether Agency's Cost Allocation Plan was prepared in compliance with the County contract and applied to program costs.

Verification

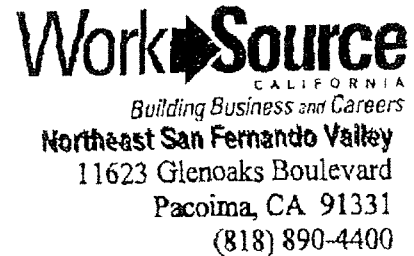
We reviewed LACC's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during December 2005 to ensure that the expenditures were properly allocated to the Agency's appropriate programs.

Results

Overall, LACC's Cost Allocation Plan was prepared in compliance with the County contract and indirect costs were appropriately allocated. However, as previously indicated, LACC billed direct payroll expenses based on budget amounts and not actual costs. As a result, we could not determine whether the payroll expenses were appropriately allocated to the program. We recommended that LACC management bill and allocate payroll expenses based on actual costs.

Recommendation

There are no recommendations for this section.



November 14, 2006

J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Suite #51
Alhambra, CA 91803

Dear Mr. McCauley:

This is in response to your final monitoring report, which we received in our office on November 6, 2006 in regards to the monitoring visit that your agency conducted on April 4-6, 2006.

The following is our response to the final report and the findings:

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (18%) program participants that received services during July 2005 and March 2006. We also interviewed 11 participants (five from the Adult Program and six from the Dislocated Worker Program).

Results

The eleven participants interviewed stated that the services received met their expectations. However, LACCD did not complete Individual Employment Plans (IEPs) for all 20 Adult and Dislocated Worker participants. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

In addition, LACC did not report the program activities for 7 (35%) of the 20 participants' program activities on the Job Training Automation (JTA) system as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

LACCD did not maintain the certificate of completion in the participants' case files for 4 (22%) of the 18 participants who completed the training course. LACCD also did not follow up with one (13%) of the 8 exited participants.

Recommendations

LACCD management:

- 1. Ensure that staff complete the IEP for Adult and Dislocated Worker participants.**
- 2. Ensure that staff update the JTA system to reflect the participants' activities.**
- 3. Ensure that certification of completion is maintain in the participant's case file for training courses completed.**
- 4. Ensure that staff follow-up with exited participants in accordance with WIA guidelines.**

Response

The WorkSource Center concurs with findings #1-4.

- The IEPs of all 20 participant's files were completed except for one column, the "Disposition" column in Section 2: Plan Activities.
- It is our policy and procedure to enter any changes in customers' activities into the JTA system and ensure that all certifications of completion are filed in the customers' files upon training completion. The college will verify that all certifications and files are complete through the creation of a final reviewer phase.
- Management will begin staff training effective immediately in the areas outlined in this report and any other issues related to the upkeep of customer files.
- We have assigned two different staff persons to review customers' files for completion and follow-up. This verification procedure will ensure that all case files are in accordance with WIA guidelines.

CASH/REVENUE

Objective

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed LACCD's bank reconciliation for December 2005 and reviewed a sample of 14 business checks issued by the Agency.

Results

LACCD maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner. However, LACCD's check writing policy does not require two signatures on each check as required by the program guidelines. None of the 14 checks issued by the Agency that were reviewed contained two signatures.

Recommendation

5. LACCD management ensure that all checks have two authorized signatures.

Response

The WorkSource Center concurs with this finding. Based on our current Los Angeles Community College District's policy, we have requested the County of Los Angeles Community and Senior Services to waive the two signatures policy due to the SAP Financial System having sufficient internal control business processes. We are still waiting for their response.

INTERNAL CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, LACCD maintained sufficient internal controls over its business operations. However, LACCD was not in compliance with County contract requirements. Specifically:

- LACCD's procurement policy did not require staff to document three price quotes for purchases over \$1,000 as required by WIA guidelines.
- LACCD did not place a non-discrimination policy in a conspicuous place, available and open to the public, in each of the facilities operated by the Agency.

Recommendations

LACCD management:

6. Ensure that the procurement policy is in compliance with the program requirements.
7. Post the non-discrimination policy in a conspicuous place, available and open to the public, in each of the facilities operated by the Agency.

Response

The WorkSource Center concurs with findings 6-7.

- Currently, our procurement procedures require 3 vendor quotes for purchases over \$5,000. However, we encourage our employees to obtain three vendor quotes for purchases from \$1,000 through \$5,000. The procurement training of April 1, 2006, reflects this policy. We will begin immediate implementation of an internal procedure at our campus, Los Angeles Mission College, which requires three quotes for purchases over \$1,000 for this and other SFP Programs having similar grantor requirements.
- The non-discrimination policy was placed in the back office which was accessible ONLY to those customers actively participating in one of our programs. We have moved the non-discrimination policy from its original place to the lobby area where it is visible and open to the public.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenditures invoiced for eight employees in November 2005, totaling \$19,670 (100%), to the payroll records and time reports. We also interviewed one staff assigned to the WIA program.

Results

LACCD's employee timecards did not always identify the hours that the employees worked on specific programs. Specifically, two (25%) of the eight employees' timecards did not indicate the hours the staff worked each day by program as required by the County contract. The Agency personnel stated that the payroll expenses were billed based on budgeted amounts and not actual hours worked.

In addition, LACC did not maintain required documentation in the employees' personnel files. Specifically, LACC did not:

- Obtain criminal record clearances for all five (100%) employees.
- Maintain proof of employability in three (60%) of the five employees' personnel files.
- Complete the performance evaluations for all five (100%) employees on an annual basis. The most current performance evaluations for four (80%) of the five employees were completed in 2000 and the performance evaluations were never completed for the other employee since employment with the Agency in _____.
- Maintain copies of the employees' job description, resume/application, current driver's license, or proof of automobile insurance in four (80%) of the five employees' personnel files.

Recommendations

LACC management:

- 8. Bill DCSS payroll expenditures based on actual costs and ensure that employees' timecards indicate the hours worked each day by program.**
- 9. Ensure that a criminal record clearance and proof of employability are obtained for all employees assigned to work on the WIA program.**
- 10. Complete performance evaluations on an annual basis.**
- 11. Maintain required documents in the employees' personnel file.**

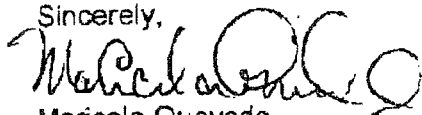
Response

The WorkSource Center concurs with findings 8-11.

- There was an oversight on our part for Program Assistant timesheets that has been corrected. All program assistants are reporting their time worked separately by program, as is the case for all staff.
- The Los Angeles Community College District (LACCD), has just implemented a new policy which requires that all LACCD employees have a criminal record clearance.
- All District employees have to go through a vigorous application and eligibility verification process prior to employment.
- LACCD policy requires that employees be evaluated on a yearly basis. Thus, Management will ensure that this policy is followed.

If you have any question or need further information, please contact Maricela Quevedo at (818) 899-1529.

Sincerely,



Maricela Quevedo
NESFV WorkSource Coordinator